

**PINOLE OVERSIGHT BOARD SPECIAL MEETING AGENDA
(OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY OF THE PINOLE
REDEVELOPMENT AGENCY)
MINUTES
AUGUST 1, 2012**

1. CALL TO ORDER & PLEDGE OF ALLEGIANCE

Chair Long called the meeting of the Oversight Board of the Successor Agency of the Pinole ("Oversight Board") to order at 4:10 p.m. in the Pinole City Council Chambers, 2131 Pear Street, Pinole CA. Board Member Martinez Rubin led the Pledge of Allegiance.

2. ROLL CALL, CLERK'S REPORT & STATEMENT OF CONFLICT

1. Roll Call

Members Present:

Debbie Long, Chair
Norma Martinez Rubin
Maureen Toms, Vice-Chair
Whitney Dotson
Peter Murray

Members Absent:

Mary Drazba	Absent/Excused
John Marquez	Absent/Excused

The voting record reflects their absence.

Staff present included: City Manager Belinda Espinosa, Assistant City Attorney Stephanie Downs, Finance Director Richard Loomis, and City Clerk Patricia Athenour.

City Clerk Athenour announced that the meeting was posted on July 26, 2012 at 4 PM and all legally required notice was provided. She asked if there were any conflicts with items on the agenda and none were announced.

3. PUBLIC COMMENT

The following citizens addressed the Oversight Board:

Ivette Ricco, Pinole citizen, asked if Ms. Fitzer was part of the Board. It was explained that she was a staff member, not a board member.

4. CONSENT CALENDAR MATTERS

A. Approval of the Minutes of May 2, 2012

ACTION: Motion By Board Members Toms/Martinez Rubin, the Oversight Board approved the Consent Calendar.

The record reflected the arrival of Board Member Dotson at 4:14 p.m.

5. MATTERS FOR CONSIDERATION

- A. Approve the January 1 – June 30, 2013 Recognized Obligation Payment Schedule “ROPS” [**OS Board Report No. 2012-06; Recommended Action: Adopt Per Staff Recommendation (Loomis)**]

Richard Loomis presented OS Board Report 2012-26 into the record, explaining that the time schedule for submission for the next ROPS was accelerated under Trailer Bill AB 1484 and requires that the funding request for next accounting cycle (Jan –June 2013) be submitted to the DOF no later than September 1, 2012. The State did not receive the amount of money anticipated in the last budget cycle and therefore is accelerating the schedule to tighten up the State budget. Loomis addressed another pending issue which is a requirement for a standardized reporting format, only released this afternoon. Attachment C is in the old format and the information is substantially complete; therefore Loomis explained it was acceptable to approve the resolution and the ROPS with an amendment to the resolution to use the State’s format. This does not change the nature of the business being conducted this evening.

He advised the Board that ROPS Item 37 was a new item, added to repay the internal borrowing approved on July 17, 2012. He also discussed the short term borrowing from Pinole Assisted Living Community trust fund (PALC), approved by the Council on July 17, 2012 and by the PALC Board on July 25, 2012. Loomis said there should be sufficient cash to make the ROPS payment due in January 2013 from the December tax payment from the County, and the need to borrow for cash flow to make the payments will be resolved for Pinole in 2012/13. Return to Source residual will be approximately \$1.5Million, returned to all the taxing entities – approximately 55% to school entities and the remaining 45%, split among the remainder of the taxing entities, with the City receiving nineteen percent.

Loomis reported on the Moody’s Credit Watch List and said additional information was provided to Moody’s, and it is anticipated that Pinole would be moved off the Credit Watch List, as he believes we can work through this cash flow issue with all concerned parties.

Item #36 - Restoration Design Group remains in dispute. It was refused by the Department of Finance, but Pinole is still asserting that it is an enforceable obligation. Public Works Director Allison has identified a federal funding grant should the City not be successful in persuading the DOF that their finding is unreasonable.

He identified several items that were paid and completed during the last budget cycle or were removed as part of the sale of the two shopping centers.

Mr. Loomis discussed the issue raised by Board Member Drazba about the property management services contract with Shelter Bay. There were two contracts with Shelter Bay; with the sale of the centers to TKG, the property management contract for those properties was cancelled, but a valid contract exists through December 31, 2013 for the management of the restaurant properties. Mr. Loomis was available for questions.

Board Member Martinez-Rubin, asked if it was conceivable that the DOF will demand another amount close to 1 Million dollars again.

Mr. Loomis said that should not occur and provided a basis for his position, stating it was a one-time occurrence.

Chairperson Long noted the penalty and interest that would have been imposed if we would not have paid. Mr. Loomis said that it was under consideration whether that collection tool was appropriate. It was determined it was best to make the payment and trust the State to hold to their promise to reimburse in six months.

Board Member Murray asked that "approximate completion dates" be added to the ROPS list. Mr. Loomis said the standardized form does not include that column, but he would make it available to this Board. He also asked about the grant for the Pinole Creek Demonstration Project and what is the timing of that grant.

Ms. Espinosa said the grant was funded but she believed that the issue is the requirement for matching funds, which is around \$1 million.

Board Member Toms asked if the Successor Agency was being reimbursed for interest. Mr. Loomis said the loan interest was 35 basis points, a very small amount. He said if it is reimbursable, we would request it.

Board Member Toms reported that the County was splitting out some support activity charges from normal administrative cost allowances for extraordinary costs associated with some of the newly required reporting and wondered if Pinole could consider on a future ROPS.

Mr. Loomis said the biggest concern was the ongoing auditing and it was unclear what the position of the DOF will be, and does not have an answer to that question yet. The final audit report is not completed and that was an area the auditors were looking into.

Chairperson Long said she was not clear on the restaurant phase, stating that she thought we do not own the pad.

Assistant City Attorney Downs responded that Shelter Bay was retained to insure the Successor Agency is provided the monies, which is a percentage of the revenues of the restaurant and to provide an audit to make sure they are paying, until 2015. Chairperson Long asked the amount of the revenue and Ms. Espinosa said it was in the tens of thousands.

No speakers addressed the Board.

ACTION: Motion by Board Members Murray/Toms (with amendment), the Oversight Board Adopted Resolution 2012-05, Approving the January – June 2-2013 ROPS with added language as follows to be included in the Resolution:

Board Member Toms entered an amendment to the motion, which was accepted by Board Member Murray, the maker of the motion.

The Oversight Board authorizes and directs the Successor Agency staff to make such non-substantive revisions to the Approved Third ROPS as may be necessary to submit the Approved Third ROPS in any modified form required by the Department of Finance.

Vote – Passed: 5-0.

- B. Approve the Renewal of the Former Agency Contract with AmeriNational Services for Loan Processing Services [OS Board Report No. 2012-07; Recommended Action: Receive & File Report (Loomis/Lucken)]

Mr. Loomis entered OS Board Report No. 2012-07 into the record. The report explains that the responsibility of debt obligations, containing 51 open notes, of which 20 are in active payment status and 31 are in deferred status, was passed to the Successor Agency when Redevelopment was dissolved. The deferred payments are primarily for First Time Homebuyer Program, an equity sharing program with no interest accrual. The repayments are triggered by refinance or sale of the property. Other loans are from the Residential or Commercial Rehabilitation Program which contains loans with interest rates between 2 - 4 percent, and were at the time, substantially below market. The number of loans will continue to decline and it makes sense to continue the existing relationship with Amerinational. Staff recommended executing a new agreement through the Successor Agency with approval of the Oversight Board. Mr. Loomis was available for questions.

Board Member Martinez-Rubin noted on pages 6 and 7 of the contract there were two indemnification clauses and to omit one. Mr. Loomis noted the correction.

Chairperson Long asked if they are used for collections on any properties owned solely by the City. Mr. Loomis said they were not; all other payables (business license and payments) are handled by staff and a credit bureau does collections on City accounts.

Ivette Ricco, Pinole citizen, addressed the Oversight Board, said the contract seemed to have expired on June 30 and asked if the rates or terms had changed. Mr. Loomis said the rates and terms remained the same.

Chairperson Long asked Ms. Downs to comment on the difference between a contract that ended, and a terminated contract and asked if a contract ended, but was not terminated, would it automatically renew. Ms Downs said there would not be an automatic renewal.

Ms. Espinosa said it was staff's position to verbally insure the terms remain the same.

ACTION: Motion by Board Members Martinez-Rubin/ Murray, the Oversight Board approved the agreement with Amerinational, with the Omission of One Indemnification Clause.

Vote: Passed 5-0.

- C. Briefing on AB 1484 – Trailer Bill [**Verbal Report; Recommended Action: Receive Report (Espinosa/Downs)**]

This item was taken out of order and heard first.

Stephanie Downs, Assistant City Attorney provided a verbal update and entered PowerPoint exhibit materials into the record. Her reported discussed the following:

1. The DOF is reviewing payments received from the successor agencies. AB 1484 expanded permission to the cities and counties to make loans to cover enforceable obligations, where under AB 26 no loans were permitted. The Pinole Successor Agency borrowed money from the City in order to make the debt service payment and in turn, the City borrowed from PALC, and remitted over one million dollars to the DOF.
2. Regarding the disposition of assets, the City is permitted to retain properties used for governmental use and the list of uses was expanded.
3. A requirement for a 10-day notice for the Oversight Board Meeting when transferring housing assets and properties

4. Under 1484, funding that was deleted or reduced by the DOF cannot be restored nor can the Oversight Board reestablish City/Successor Agency loan agreements unless the Finding of Completion issued.
5. No forced fire sales
6. Purpose of the Due Diligence Review is to determine balance available for distribution to the taxing entities
7. The Successor Agency employs an auditor approved by the County auditor controller or use their auditor
8. The audit on the Housing Fund must be completed by October 1 and will be submitted to the Oversight Board at the October meeting and determination has to be transferred to DOF by October 15
9. Under the Due Diligence review, a ten percent penalty is imposed on amounts not paid. AB 1484 provides if there are insufficient funds to make the payment, the DOF will agree to an installment payment plan that must be negotiated with DOF and will issue finding of completion within five days of full payment.
10. Following a Finding of Completion, city /agency loans will be complete. Pinole does not have any unused bond proceeds and the forced disposition of property would be suspended pending a property management plan, approved to sell properties in a managed way, approved by the DOF.

Ms. Downs was available for questions from the Board.

Ms. Toms requested further clarity on whether a Finding of Completion would be issued if made under protest. Ms. Downs said a payment under protest should be escrowed and she was not sure if the County has been handling it that manner.

Board Member Martinez-Rubin asked about the validity of the Validation Statements. Ms. Downs said we have not received any comment from the DOF.

Chairperson Long asked about the determination about keeping public property being viewed differently. Ms. Downs said the definition of public property has been broadened, but it has not been clarified yet whether parking facilities would be public properties. Chairperson Long asked specifically about the ability of the DOF forcing a sale on the Bank of Pinole building and the Faria House, both historical buildings. Ms. Downs said a historical registry would have its own requirements and the DOF determination is more based on the use. Absent of the validation action, the Bank of Pinole could be in jeopardy.

Ivette Ricco, Pinole citizen, commented for the benefit of public, that some of the acronyms in the presentation should be defined.

SA – Successor Agency
OSB – Oversight Board
DOF – Department of Finance
BOE Board of Equalization
FOC – Finding of Completion

Jeff Rubin, Pinole citizen, said the Faria house was not on the National Registry. The only two structures in Pinole on the National Registry are the Bank of Pinole and the Fernandez Mansion.

6. ADJOURNMENT

At 5:25 p.m., Chairperson Long adjourned the meeting to the next regular Oversight Board meeting on October 3, 2012.

SUBMITTED BY:

**Patricia Athenour, MMC
Pinole City Clerk / Clerk to the Board**

APPROVED BY OVERSIGHT BOARD: